NEW HAMPSHIRE

HOLES IN THE SAFETY NETS

POVERTY PROGRAMS AND POLICIES IN THE STATES

A STATE ANALYSIS

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Spring 1988

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PREFACE

Although it may not be widely recognized, there is not a single "safety net" providing assistance to the poor throughout the United States. Instead, there are separate and differing safety nets in each state and the District of Columbia. The Center's Safety Nets Project was formed to examine each of these different configurations of programs.

The Project is now issuing 51 state reports -- one on the safety net in each state and the District of Columbia -- as well as a national overview report. This report is one in this series. We hope these reports are useful to policymakers and legislators, charitable and non-profit organizations, researchers and journalists, advocacy and community groups, and others concerned with public policies to assist those people who are poor.

In preparing these reports, we have focused on benefit programs and income-related policies such as cash and medical assistance programs, food stamps, unemployment insurance, low-income housing and energy assistance programs, the Special Supplemental Food Program for Women, Infants, and Children (WIC), and state tax policies. The reports do not cover programs providing services (rather than benefits), not because service programs are unimportant, but because our focus here is on the benefit programs and tax policies that directly affect the incomes and purchasing power of poor households and that are widely viewed as constituting the safety net.

In addition, the reports concentrate on the state safety nets as they existed in 1987 with a particular focus on their gaps and weak points. They do not include all changes that have been made by some states in recent months. As the reports indicate, the gaps in the safety nets of many states remain larger than many Americans realize. Narrowing these gaps can serve to help alleviate the effects of poverty and to diminish the ranks of the poor.

The focus here on benefit and tax policies should not suggest that we regard improvement in safety net programs as the complete agenda for dealing with poverty. Other efforts, such as improving the job skills and education of large numbers of low income youth, are critical. Both adequate safety nets and effective programs and policies that assist poor families and individuals to climb out of poverty and attain self-sufficiency are needed.

New Hampshire Highlights

Estimated poverty rate, 1985	6.0%
Estimated number of poor, 1985	60,000

Key Program Data*

AFDC benefits as percentage of poverty line (for a three-person family without any other income)	64.3%
Combined AFDC and food stamp benefits as percentage of poverty line (for a three-person family without any other income)	85.7%
Medicaid income eligibility limit as percentage of poverty line (for a three-person family)	64.3%
Percentage of unemployed receiving unemployment insurance, 1986	22.8%
Percentage of state tax revenue from individual and corporate income tax, 1986	25.5%

Optional programs*	State has program?	Number of states with program
AFDC-UP	no	28
AFDC emergency assistance	no	26
SSI state supplement	yes	27
Statewide general assistance	no	25
Full use of Ribicoff option for children	no	32
Medicaid "SOBRA" option		
Pregnant women and children	no	25
Elderly and disabled	no	4
Medicaid Medically Needy program	yes	36
Property tax circuitbreaker, 1985	no	31

*Data are from 1987, except where otherwise noted.

NEW HAMPSHIRE

An estimated 6.0 percent of the population of New Hampshire, or 60,000 people, lived in poverty in 1985.[1] This report focuses on the role of the state government in fashioning benefit programs to assist these people, as well as state tax policies that affect their purchasing power.

Several comments about the report should be made. It examines benefit programs as distinguished from service programs. For example, benefits provided to families and individuals through the Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), and unemployment insurance programs are examined, while grants to local governments, school districts, and service providers of education, day care or job training for low income people are not.

This report is not intended to provide a comprehensive picture of all efforts to aid those who are poor in the state. Nor does it emphasize changes in state policies that may have narrowed or widened gaps in the safety net in recent years. Rather, the purpose of the report is to examine the state's safety net as it existed during a very recent period of time (in most cases, 1987) and to focus attention on its gaps and weak points as a guide to possible improvements in the years ahead.

For those who are poor in New Hampshire, eligibility for government assistance and the level of benefits they receive are highly dependent on whether or not they are working, married, elderly, disabled, parents, or children. Those who qualify for assistance often receive a level of aid that does not lift them to the poverty line.

The safety net for poor people in New Hampshire contains some very large holes, making it one of the weakest in the Northeastern United States.

Although New Hampshire increased its AFDC benefit levels in 1987, this action did not fully compensate for their erosion during the 1970s. From 1970 to 1987, maximum AFDC benefits for a family of four in New Hampshire fell 37 percent, after adjustment for inflation and including the 1987 increase.

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1. The 1985 state poverty rate estimates, the latest available, were calculated by Christine Ross and Sheldon Danziger ("Poverty Rates by State, 1979 and 1985: A Research Note," *Focus*, Institute for Research on Poverty, Madison, Wisconsin, Fall 1987). These estimates are based on U.S. Census Bureau data and are more precise for states with large populations than for states with small populations. The 1985 estimates are not official government estimates, but should be more accurate as estimates of current state poverty rates than the latest available official government estimates, which are from the 1980 Census. In 1985, the national poverty rate was 14.0 percent.

New Hampshire has chosen not to provide AFDC benefits to two-parent families with children who are poor. It is the only state in the Northeast that fails to provide this coverage. New Hampshire also has chosen not to provide AFDC emergency assistance, through which a number of other states aid some homeless families with children and other poor families facing emergencies.

New Hampshire's Medicaid program is also quite restrictive. To be eligible, a single-parent family of three must have income (after medical expenses and some limited deductions) of less than two-thirds of the poverty line. Moreover, New Hampshire has failed to adopt three of the four key state options to extend Medicaid to more low-income families and children than is required under federal law. Every other Northeastern state (and all but 10 other states in the nation) has adopted at least two of these options. For example, New Hampshire does not provide Medicaid coverage to virtually all children in poor two-parent families. New Hampshire also has failed to adopt the option enabling states to provide Medicaid coverage to pregnant women and infants with incomes up to the poverty line.

There are no state standards for cash assistance to low-income singles and childless couples who are neither elderly nor disabled. The level of any such assistance is left up to each county. These types of households are also unlikely to receive health assistance.

In addition, 22.8 percent -- or fewer than one of every four -- unemployed people received unemployment insurance in New Hampshire in an average month in 1986. This was the fourth lowest unemployment insurance coverage rate of any state in the nation (coverage fell to 17.3 percent in 1987). For poor two-parent families with children who do not qualify for or have exhausted unemployment benefits (as well as for single individuals and childless couples in this situation), the safety net is especially weak. They are likely to be eligible for little or no cash assistance. In most cases, they will also be ineligible for health care coverage. These gaps in coverage could result in substantial hardship in the event of a recession.

Low-income households in New Hampshire encounter a serious shortage of low-rent housing. In 1985, the number of very low-income renter households was twice the number of very low-rent units. In addition, New Hampshire is one of only two New England states that lacks a "circuitbreaker" program to ease property tax burdens in low income households.

These and other aspects of the New Hampshire safety net will be discussed in this analysis.

The first part of this analysis examines the effectiveness of cash assistance (AFDC, general assistance, and SSI), food stamps, and Medicaid for different types of households: single-parent families, two-parent families, the elderly and disabled, and singles and childless couples. The second part of the analysis discusses the effects on the poor of other programs and policies -- unemployment insurance, state taxes, housing assistance, low-income energy assistance, and the WIC program.

HOUSEHOLD TYPE AND LEVEL OF ASSISTANCE

The assistance provided by government poverty programs is strongest for the elderly and the disabled, although many individuals in these groups fail to receive enough assistance to bring them up to the poverty line. Assistance is less strong for single-parent families than for the elderly and is weaker still for two-parent families. Assistance programs are of the least help by far to single individuals and childless couples.

Cash and Food Assistance

There are separate government cash assistance programs for different types of poor households: AFDC for single-parent and (at a state's option) two-parent families, SSI for the elderly and disabled, and, at the option of states and localities, general assistance for singles and childless couples. All of these categories of poor households are eligible for food stamp assistance (a program with federally-set eligibility and benefit standards).

Single-Parent Families with Children

Poor single-parent families can receive cash assistance through the AFDC program. But even when combined with food stamps, this assistance leaves families in New Hampshire well below the poverty line. Unlike Social Security and federal SSI payments, which are set nationally and are adjusted yearly to keep pace with inflation, AFDC benefit amounts are determined by each state. New Hampshire does not index benefits to inflation, and the value of its AFDC benefits has declined markedly over time.

In New Hampshire:

- A single parent with two children, and with no income, is eligible for a maximum AFDC cash benefit of $486 per month, or $5,832 per year. This AFDC benefit equals 64.3 percent of the 1987 poverty line for a family of three (the estimated three-person poverty line is $9,069 in 1987). The maximum benefit level of $486 per month reflected a substantial increase from its 1986 level of $397 a month, but, as later discussed, it does not compensate for the erosion of benefit levels in the 1970s.

- This AFDC benefit level for a family of three ranks 11th out of all states.[2]

- The maximum food stamp benefit for a three-person family receiving the maximum AFDC cash benefit equals $162 per month. At most, AFDC and food stamp benefits combined can equal 85.7

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2. State rankings include the District of Columbia. The state offering the most assistance is ranked "1," while the state offering the least assistance is ranked "51."

percent of the poverty line.[3] (Most, but not all, AFDC beneficiaries receive food stamps.)

- For a single-parent family of *four* without any income, maximum AFDC benefits are $6,492 per year, which equals 55.8 percent of the 1987 poverty line (the estimated four-person poverty line is $11,629 in 1987).

- AFDC benefits have not kept pace with the rising cost of living. For example, the maximum benefit for a four-person family fell 37.0 percent from 1970 to 1987, after adjusting for inflation.

Many poor, single-parent families, moreover, cannot obtain any AFDC assistance. For instance, if a mother works she will often lose eligibility for AFDC even though she has income below the poverty line (in part because only a small portion of earnings are disregarded in the calculation of AFDC benefits).

- For a single mother with two children in New Hampshire who incurs deductible child care costs of $106 a month,[4] earnings of $687 a month -- equal to 90.9 percent of the poverty line -- mean the loss of all AFDC benefits after the fourth month she has held a job while on the AFDC rolls.

Most AFDC families with earnings, however, do *not* have deductible child care costs. In New Hampshire:

- For a single mother with two children who does *not* get a child care deduction, earnings of $581 a month -- equal to 76.9 percent of the poverty line -- mean the loss of all AFDC benefits after the fourth month she has held a job while on the AFDC rolls.

Some 26 states also provide AFDC *emergency* assistance when a child's well-being is directly threatened by broadly-defined natural or domestic emergency situations. The emergency assistance program can benefit both single and two-

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3. Computation of the maximum combined value of AFDC and food stamp benefits assumes that families receive the maximum food stamp shelter deduction allowed under federal law. (Food stamp households can receive a deduction, up to a maximum amount, for shelter costs that are high in relation to their incomes.) In fact, however, the majority of AFDC families do not receive the maximum food stamp shelter deduction. As a result, combined AFDC and food stamp benefits for most AFDC families without any other income are somewhat lower than the level reflected here.

4. $106 per month is the average child care deduction for those AFDC families who get the deduction. The deduction is subtracted from a family's *gross* income. A family's *net* or *countable* income -- that is, its income after deductions or disregards -- determines its level of AFDC benefits. At the same time, there is also a gross income limit on AFDC eligibility. Families with incomes above this limit are not eligible for AFDC benefits, regardless of the level of deductions and disregards for which they may qualify.

parent families, by waiving various AFDC eligibility restrictions and providing cash assistance more quickly; however, the level and extent of emergency assistance are very limited. In states funding emergency assistance, families receiving regular AFDC benefits may also be eligible for emergency assistance in certain, restricted circumstances.

- New Hampshire does not provide AFDC emergency assistance.

Two-Parent Families with Children

Federal law gives states the option to extend AFDC cash benefits to two-parent families with an unemployed primary earner.[5] Some 28 states have such a program (known as "AFDC-UP").

- New Hampshire does *not* have an AFDC-UP program.

Since there is no AFDC-UP program in New Hampshire, two-parent families with an unemployed primary earner are ineligible for cash assistance, other than unemployment insurance benefits, which are available only to a minority of the unemployed. In some states, counties with a general assistance program do offer aid to two-parent families, but two-parent families are typically excluded from such aid.

Food stamps are available to poor, two-parent families, whether working or unemployed, if their assets and income are low enough. Food stamp benefits are funded by the federal government, which also sets the eligibility and benefit standards for the program. These standards are the same throughout the continental United States.

- For a two-parent family of four without any income, the maximum monthly food stamp benefit (from October 1987 to September 1988) is $290 -- or 79 cents per person per meal. This benefit amount is reduced if the family has earnings or other income.

Many of the working poor are eligible but do not apply for food stamp benefits, perhaps because they are unaware of their eligibility, fear the stigma involved, or face other barriers to enrollment.

Elderly and Disabled

Even after receiving Social Security, which goes to both the poor and the nonpoor, many low-income elderly and disabled people have trouble meeting their basic needs. The Supplemental Security Income (SSI) program provides some of the elderly and disabled poor with additional cash assistance. The basic federal SSI payment level is set nationally and adjusted each year for inflation. Some 27

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5. Two-parent families with children in which one parent is "incapacitated" are eligible for AFDC benefits in all states if they meet their state's income and assets eligibility requirements.

states have chosen to supplement the basic federal SSI grant, although only one state automatically adjusts these supplements for inflation.[6] Moreover, even though New Hampshire supplements SSI, the combined SSI assistance is insufficient to lift elderly and disabled individuals out of poverty, in part because the value of the state SSI supplement has fallen sharply since 1974.

In New Hampshire:

- For households without any income, SSI provides a maximum federal payment in 1987 of $340 a month ($4,080 a year) for an individual and $510 a month ($6,120 a year) for a couple.[7]

- New Hampshire supplements the basic federal SSI grant by $27 a month for an individual and $21 a month for a couple. Together, the maximum federal and state supplemental SSI grants equal 80.7 percent of the poverty line for an individual and 92.6 percent for a couple.

- The value of the state supplement, after adjustment for inflation, declined by 51.1 percent for an individual and 43.0 percent for a couple from 1974 (the year SSI started) to 1987.

- SSI recipients may also receive food stamps, with benefit levels dependent on the deductions from income for which a household qualifies under federal food stamp rules. A household that has no other income except the maximum SSI benefit and that qualifies for the average level of deductions received by elderly food stamp households receives food stamp benefits of $34 per month for an individual and $57 per month for a couple.

- When this food stamp value is added to the maximum SSI payment, the combined assistance is equal to 88.3 percent of the poverty line for individuals and 102.5 percent for couples. However, many SSI recipients who are eligible for food stamps do not receive them.

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6. This analysis focuses on state SSI supplements for elderly and disabled households living independently. Some states provide different supplement levels for elderly and disabled households in alternative living situations (such as those receiving in-home health care).

7. The 1988 federal SSI benefit levels are $354 a month for a single individual and $532 a month for a couple. The 1988 levels are higher than the 1987 levels because of the annual SSI cost-of-living adjustment. However, the 1988 poverty lines will also be higher than in 1987, due to an adjustment for inflation. In inflation-adjusted value, and as a percentage of the poverty line, federal SSI benefits will be about the same in 1988 as in 1987. (For one and two-person households, there are different poverty lines for elderly and nonelderly households. The estimated 1987 poverty line for an elderly individual is $5,455; for a two-person elderly household, it is $6,882.)

Nationally, half of all SSI recipients receive Social Security benefits as well. However, SSI benefits are reduced by all but the first $20 of Social Security benefits; hence, the maximum net additional income for an SSI recipient who also receives Social Security can be no more than $20 a month above the maximum SSI benefit level in the state. Elderly people who qualify for SSI but not Social Security are usually individuals who have little or no work experience or who worked in occupations not covered by Social Security.

Singles and Childless Couples

For single people and childless married couples who are poor but neither disabled nor elderly, little or no cash assistance is usually available. The majority of states do offer some form of general cash assistance, but it tends to be strictly limited in various ways. These "general assistance" programs may be either state or locally funded and administered. They are *not* subject to any federal standards or regulations.

In New Hampshire:

- There are no state standards for the provision of general assistance. Counties can establish their own programs but are subject to no requirements to provide any particular minimum level of assistance or to meet any minimum coverage standards.

Poor singles and childless couples may be eligible for food stamps. Households without any income -- for example, without earnings, general assistance or unemployment insurance benefits -- can receive food stamps with a maximum monthly benefit of $87 for an individual and $159 for a couple. However, these federal benefit levels are equal to only 18.0 percent and 25.8 percent of the respective poverty lines for these households. If poor singles or childless couples have other sources of income, they still may be able to qualify for food stamps, but generally for less than the maximum benefit.

Medical Assistance

Health assistance for some low-income households is provided through the Medicaid program. Medicaid is administered under federal rules, but states have considerable discretion to decide which groups of low-income people are eligible for coverage and which services the state's Medicaid program will pay for. States share in the cost of the Medicaid program, which often prompts them to limit eligibility and to restrict the number of services provided.

Medicaid coverage is limited to certain categories of low-income families with children and low-income elderly and disabled people. All other categories of households are ineligible for coverage (except for pregnant women who live alone or as part of couples that do not have children).

Poor families receive Medicaid coverage through a variety of provisions. AFDC families automatically receive Medicaid; children and pregnant women in non-AFDC families may receive Medicaid under special provisions of federal or

state law; and families whose incomes disqualify them from receiving AFDC may receive Medicaid if the state has adopted a "Medically Needy" program (see below) that has less rigid income eligibility requirements than does AFDC.

Despite the various Medicaid coverage provisions, many poor families do *not* have Medicaid coverage and lack adequate health insurance, even if they have one or more workers. Low-wage jobs often provide minimal or no health benefits.

Low-income elderly and disabled people generally may receive Medicaid if they are SSI recipients or if the state in which they live has taken advantage of state options that allow additional categories of low-income elderly or disabled people to be covered.

Singles and childless couples who are neither elderly nor disabled are essentially excluded from Medicaid coverage. They may be forced to rely on scanty state and local medical assistance programs for the indigent, if they receive any medical assistance at all.

Families with Children

Families that receive AFDC or AFDC-UP are automatically entitled to Medicaid. Even though New Hampshire does not have an AFDC-UP program, it has the option to extend Medicaid coverage to two-parent families with an unemployed primary earner that are poor enough to meet the AFDC income eligibility limits.

- New Hampshire does not provide Medicaid coverage to two-parent families who meet its AFDC income eligibility requirements.

Poor children, pregnant women, and other members of families that do not receive AFDC may be entitled to Medicaid coverage under other provisions of federal and state law. These provisions can be of particular importance to individuals from poor two-parent families, since two-parent families in New Hampshire are otherwise ineligible for Medicaid benefits.

The federal government currently mandates Medicaid coverage for pregnant women and children born after September 30, 1983 up to seven years of age who are from families whose incomes fall below a state's Medicaid income eligibility limit (see below), regardless of whether the families receive AFDC or have one or both parents present.

In addition, federal law provides states with a number of *options* under which a state may choose to expand Medicaid coverage. These include the Ribicoff option, the Medically Needy program, and the SOBRA option, all of which are discussed below.

Under the **Ribicoff** option, states can extend Medicaid coverage to children under age 21 who are from families with incomes below the state's Medicaid income eligibility limit, whether or not the families receive AFDC or have one or both parents present.

- New Hampshire extends Medicaid coverage only to some income-eligible children under 19 years of age. It is one of 19 states that has chosen to restrict this coverage to small groups of children, such as those in foster homes.

States also have discretion in setting income eligibility limits for Medicaid coverage. An especially important state decision is whether it adopts a **Medically Needy** program. In states without a Medically Needy program, the Medicaid income eligibility limit equals the maximum "countable" income at which a family is eligible for AFDC benefits. (Countable income equals the family's gross income minus any deductions, such as some portion of earnings or child care expenses, that it can claim under AFDC rules.)

States with a Medically Needy program can expand eligibility for Medicaid in two ways. First, the state can set income limits for Medicaid that can be (and generally are) higher than the countable income levels at which a family is eligible for AFDC.

Second, a family whose countable income is above the Medicaid income eligibility limits, but whose medical expenses are so large that its remaining income *after medical expenses are deducted* is below the Medicaid limits, can be made eligible for Medicaid. For example, a hypothetical state may have a monthly AFDC income eligibility threshold of $400 and a Medically Needy program with a monthly income eligibility threshold of $450. In this imaginary state, a family with AFDC countable monthly income of $500 and incurred medical expenses of $80 would qualify for Medicaid. Its income after deducting medical expenses ($420) would be greater than the AFDC income eligibility threshold, but it would be less than the Medically Needy income eligibility threshold.

- Under the Medically Needy program in New Hampshire, a family of three with a monthly countable income of less than $467, after deducting medical expenses, is eligible for Medicaid.[8]

- However, New Hampshire is one of only seven states where the Medically Needy threshold is *lower than* the AFDC income eligibility limit of $486 per month or 64.3 percent of the poverty line. Therefore, the Medically Needy program extends coverage only to those families whose medical expenses drive their countable income somewhat below the state's AFDC income eligibility limit.[9]

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8. In some states with a Medically Needy program, the income eligibility limits vary by areas within the state. In such cases, income eligibility levels from the most representative area are cited.

9. The above data are for 1987. As of January 1988, the Medically Needy income limit is $553 a month for a three-person family, which is higher than the AFDC income limit. Thus, in 1988 the Medicaid income limit is $553 a month for a three-person family, or 70.1 percent of the estimated 1988 poverty line.

Another key option is the **SOBRA**[10] option. As a result of the enactment of SOBRA in 1986, states can increase their Medicaid income eligibility limits for pregnant women and young children. If a state adopts the SOBRA option for pregnant women and young children, its income eligibility limit can be set higher than the general Medicaid income eligibility limit in the state, but not in excess of the federal poverty line. Thus, this option enables states to extend Medicaid coverage to poor pregnant women and young children living in families with incomes up to the poverty line, regardless of whether the family is on AFDC, whether one or both parents are present, and whether the family is already incurring high medical costs.

Currently, SOBRA allows states to cover poor pregnant women and children up to the child's second birthday. As of October 1, 1988, states will have the option to extend Medicaid coverage to all children under age five who live in families with incomes up to the poverty guidelines.[11]

In January 1988, the SOBRA option for pregnant women and young children was in effect in 25 states.

- New Hampshire does *not* have a SOBRA program, leaving large numbers of pregnant women and young children from poor families without Medicaid coverage.

In addition to having wide discretion in determining Medicaid eligibility, states also have substantial leeway in deciding which medical services Medicaid will pay for. The federal government requires that certain medical services be provided to all Medicaid recipients, but states have the option to have Medicaid pay for none, some, or all of 32 other medical services. These state options are often of vital importance to a household's health care. If a family is unable to afford services not covered by Medicaid, it may have to forego needed medical care.

- In 1986, New Hampshire covered 26 out of 32 possible optional Medicaid services.

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10. The term "SOBRA" stands for Sixth Omnibus Budget Reconciliation Act, the name of the federal law that established this new Medicaid option.

11. Over time, the age limit will be increased further until (by October 1991) states will have the option to extend Medicaid coverage to all poor children under age eight. (Technically, the option applies to all children born after September 30, 1983, so that by October 1, 1991, the option will extend up to a child's eighth birthday.) In addition, federal legislation enacted in 1987 allows states to provide Medicaid coverage to pregnant women and infants (children less than one year old) who live in families with incomes less than 185 percent of the poverty guidelines.

Elderly and Disabled

In most states, all of the elderly and disabled who receive SSI payments are eligible for Medicaid. However, this leaves many elderly and disabled poor people unserved. Nationally, only about one of every four elderly poor households receives SSI.

Some states have especially restrictive Medicaid eligibility criteria for the elderly and disabled and *fail* to cover all SSI recipients under Medicaid. (These states are sometimes called "209(b) states" due to the section of federal law that permits them to adopt Medicaid eligibility criteria that are more restrictive than the criteria used for SSI.) States are permitted to use Medicaid eligibility criteria as restrictive as those they used for their elderly and disabled poor in January 1972, before SSI began.

- New Hampshire is one of just 14 states that does *not* extend Medicaid eligibility to all SSI recipients.

Some low-income elderly and disabled people who do not receive SSI can qualify for Medicaid under other provisions of federal and state law. States have the option of adopting a **Medically Needy** program for the elderly and disabled. Some 34 states have done so.

- New Hampshire has a Medically Needy program for the low-income elderly and disabled. An elderly or disabled person with a monthly income of $364, after expenditures for medical care and other deductions, is eligible for coverage. This eligibility limit is 80.1 percent of the poverty level for a single elderly individual.

In addition to allowing states to raise the Medicaid income eligibility limits for pregnant women and young children, the **SOBRA** law also provides states with the option to extend Medicaid coverage to elderly and disabled people with incomes up to the poverty line.

- New Hampshire has *not* adopted Medicaid coverage for the elderly and disabled under the SOBRA option.

As with state Medicaid programs for families with children, states have considerable discretion over which medical services are covered by their Medicaid programs for the elderly and disabled. Many state Medicaid programs do not pay for some important services needed by elderly and disabled people.

- Medicaid in New Hampshire does not pay for services such as dentures and transportation.

Singles and Childless Couples

Poor singles and childless couples who are neither elderly nor disabled are generally ineligible for Medicaid. In many states, health care assistance for these individuals and couples is often provided only through local charities or state or county programs for the indigent. In some areas, they may be unable to get any

form of assistance. The sole exception is pregnant women who live alone or as part of couples that do not have children; they may qualify for Medicaid coverage if their incomes are below the Medicaid income eligibility threshold in New Hampshire.

OTHER PROGRAMS

The remainder of this analysis examines several other programs and policies that are of particular importance to poor people. In most (but not all) cases, these programs and policies are not limited to families with children or to elderly and disabled people, but affect broader groups of the poor. Included in this examination are: the unemployment insurance program, state tax policies that affect the poor, the federal low-income housing programs, the federal low-income energy assistance program, and the Special Supplemental Food Program for Women, Infants, and Children (known as the "WIC program").

In the first two areas to be discussed -- unemployment insurance and taxes -- states have substantial discretion. In the remaining areas, federal funding decisions currently are the critical factors in determining the scope and adequacy of a program in a state, although states can choose to supplement the federal effort.

Unemployment Insurance

Some individuals who lose their jobs involuntarily may qualify for unemployment insurance benefits. The states, subject to broad federal standards, have wide latitude in establishing eligibility and payment standards for these benefits.

The percentage of the unemployed receiving unemployment insurance benefits nationwide has been much lower in the 1980s than in the 1970s -- and fell to an historic low in 1986. Tighter eligibility requirements for benefits in some states (spurred in part by federal pressure on states not to run deficits in their unemployment insurance programs) contributed to this occurrence, as did sharp federal cutbacks in the extended benefits program that provides additional weeks of unemployment insurance to the long-term unemployed.

On a nationwide basis, only 33 percent -- or one in every three unemployed workers -- received unemployment insurance benefits in an average month in 1986. In New Hampshire:

- 22.8 percent of the unemployed received unemployment insurance benefits in an average month in 1986.
- New Hampshire ranked 48th among all states by this measure.
- The strength of unemployment insurance coverage was down from 1979 when 33.0 percent of the unemployed in New Hampshire received unemployment insurance benefits in an average month.

- Although 1986 data were used here and in the national overview for comparative purposes, 1987 data were recently tabulated. In New Hampshire, the percentage of the unemployed receiving unemployment insurance fell to 17.3 percent in 1987. Nationwide, coverage fell to 31.5 percent in 1987, another historic low.

Unemployment insurance benefits, moreover, generally replace half or less of the wages an unemployed worker previously earned. In New Hampshire:

- Average unemployment insurance benefits equaled 34.3 percent of the average weekly wages of workers covered by unemployment insurance. (For some unemployment insurance recipients, of course, the proportion of their previous wages that are replaced is greater than this average, while for others, it is lower.)

Low-wage workers who are intermittently employed are especially unlikely to be assisted by the unemployment insurance system. Such workers may fail to meet eligibility requirements established by their states, including requirements that to qualify for benefits, a worker must have been employed for a minimum period of time and have earned at least a minimum amount before losing his or her job.

The low level of unemployment insurance coverage in New Hampshire is of particular significance for poor individuals and families given the absence of an AFDC-UP program for two-parent families and the absence of a state general cash assistance program (there are county-based general cash assistance programs). As a result, in households without an elderly or disabled person, unemployed single people as well as childless couples or two-parent families with an unemployed worker are unlikely to receive cash assistance from any level of government, no matter how poor they are.

Taxes

In nearly all states, state and local taxes constitute a substantial burden on poor households. Even *before* enactment of the federal tax reform law of 1986, poor people paid much more in state and local taxes than in federal taxes. This is because state and local tax systems are *regressive* in virtually all states -- that is, state and local taxes take a larger percentage of the income of low and moderate income people than of upper income people.

Just how regressive a state's tax code is depends upon several factors -- the types of taxes upon which the state relies most heavily, the structure of specific taxes such as state income and sales taxes, and the existence (or absence) of tax relief programs for low-income people.

States typically raise their revenues from a variety of sources, such as personal and corporate income taxes, sales taxes, license fees, etc. The extent to which a state relies on income taxes to raise revenues is particularly important. State income taxes tend to be progressive (or, at the least, to impose tax burdens that are proportional to income). But most other forms of state taxation tend to be regressive.

In New Hampshire, state revenues in 1986 were generated from the following sources. (Please note that this list includes *state* taxes only. *Local* taxes -- which are primarily property taxes, but which may also include local sales or income taxes in some areas -- are *not* reflected in this list.)

Individual income	5.1%
Corporation net income	20.4
General sales	0.0
Selective sales	45.3
License	16.9
Other taxes	12.2

As the table indicates, New Hampshire collects just 25.5 percent of its revenue through the state individual and corporate income taxes. This is less than the 36.6 percent of revenue raised through income taxes in the typical (or median) state with an individual income tax.

New Hampshire is one of only 10 states without a broad-based individual income tax. (The 5.1 percent in individual income taxes noted above is from a tax on interest and dividends.) The absence of this generally progressive method of taxation usually makes a state tax system significantly more regressive and increases overall tax burdens on low-income people.

Sales taxes are inherently regressive because they are taxes on consumption. Unlike the high incomes of the wealthy, virtually all of the income of the poor goes for consumption. In New Hampshire:

- There is no general sales tax, but nearly half of all revenue is collected through selective sales taxes.

Substantial as the burden of other taxes can be, local property taxes are even more burdensome for those with low incomes. In most local areas around the country, the property tax is the heaviest tax imposed on the poor by any level of government.

It should be noted that both homeowners *and renters* bear property tax burdens. Landlords pass along most or all of their property taxes (along with mortgage costs and other business expenses) in rental charges.

Because property tax burdens on low-income households are so high, a majority of states have established property tax relief programs for some or all low-income (or low and moderate income) households. These programs are often called "circuitbreakers" (although other names are used for these programs in some states). Property tax relief programs are almost always established and administered at the state level, because localities -- especially those with large concentrations of poverty -- generally cannot afford to provide such relief.

Some 31 states currently have circuitbreaker programs, with benefits typically provided as tax credits. Low-income households apply for the credits, and if eligible, the credit is applied against their income tax liability. (In some states, if the circuitbreaker benefit exceeds the income taxes owed, the household

is sent a check for the difference.) Benefits are generally reduced as income rises. One impediment to the success of the circuitbreaker is that potential recipients are often unaware of their eligibility.

Most states with circuitbreakers cover renters as well as homeowners. In these states, the circuitbreaker program assumes that a specified percentage of a household's rent payments (usually 15 to 25 percent of these payments) goes for property taxes.

- New Hampshire does *not* have a circuitbreaker program.[12]

Housing

The federal government funds several low-income housing programs. These programs generally fall into two categories -- support for public housing and rental subsidies for low-income households living in privately-owned rental housing. In both the public and subsidized housing programs, low-income tenants are generally assessed rental charges equal to 30 percent of their incomes.

Low-income housing programs assist two groups -- those classified as "low-income" households and those classified as "*very* low-income" households. Under federal regulations, "low-income" households are those whose incomes are less than 80 percent of the median household income in their area. "Very low-income" households are those whose incomes fall below 50 percent of the median household income in their area.

Unlike a number of other basic low-income assistance programs, housing is *not* an entitlement program. This means that benefits are not automatically provided to all households that apply and are found eligible. Instead, the federal government allocates a fixed amount of money to low-income housing assistance. The current funding level is far below what is needed to cover all eligible applicants and, as a result, the vast majority of needy households do not receive housing assistance. Many urban areas have long waiting lists of poor households that have applied and been found eligible -- but for whom there is no room in the programs.

- In 1985, some 16,042 renter households in New Hampshire received federally-supported low-income housing assistance. These recipient households include both households classified as "low-income" and households classified as "very low-income."

- Yet in 1983, the number just of "very low-income" renter households residing in New Hampshire totalled 40,530. (1983 is the latest year for which these data are now available.)

- If all those who received rental assistance were "very low-income" renters, then no more than 39.6 percent of eligible "very low-income" households would have received aid. However, since some of those

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12. Circuitbreaker information is from 1985.

households receiving assistance were "low-income" households (rather than "very low-income" households), the 39.6 percent figure overstates the true percentage of "very low" income renters actually receiving assistance.

Other measures of unmet needs for low-income housing, including the growing number of homeless individuals in some areas of the country, also indicate the large gap between low-income housing availability and the need for such housing. The Low Income Housing Information Service has issued a "Rental Housing Crisis Index," which uses Census data to compare the number of very low-income renter households in each state to the number of very low-rent housing units in the state. The Rental Housing Crisis Index shows that the number of very low-income renter households substantially exceeds the number of very low-rent units in most states.[13] In New Hampshire:

- The Rental Housing Crisis Index indicates that in 1985 the number of very low-income renter households exceeded the number of very low-rent units by *97.4 percent*. This represented a shortage of 14,719 very low-rent units.

Unfortunately, the already large gap between the number of very low-income households and the number of rental units available at a low rental cost is expected to grow even wider for the duration of this century. In June 1987, the Neighborhood Reinvestment Corporation, a Congressionally-chartered institution, issued a major study which reported that nationwide, if recent trends continue, by the year 2003 there will be 8.8 million more low-income households unable to find low rent units than there were in 1983. The causes of the growth in this gap include an expected increase in the need for low-rent housing, the expiration of many current federal low-income housing contracts, and the dearth of production of low-rent housing by the private market.

The modest proportion of low-income households now being assisted by the federal low-income housing programs is essentially a result of federal funding decisions, not of state or local action. However, the substantial unmet need for housing, along with the likelihood that this problem will grow considerably worse in the years ahead, suggests a major need for states and localities to step in to help fill these gaps.

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13. The definition of "very low income" renter households used in the Rental Housing Crisis Index differs from the U.S. Department of Housing and Urban Development (HUD) definition of "very low income" renter households. The LIHIS definition covers households with incomes at or below 50 percent of the median *renter* household income in the state. HUD's definition covers renter households with incomes at or below 50 percent of the median income of *all* households in their area, including both renters and homeowners. The Rental Housing Crisis Index defines "very low rent" housing units as units that rent for no more than 30 percent of the income cutoff for "very low income" renters.

Energy Assistance

The total energy costs of households are sharply higher than a decade ago and consume a much higher proportion of the income of low-income households than of other households. In 1986, the average household nationwide spent 3.9 percent of its income on home energy costs, but the average low-income household eligible for government energy assistance spent 15.1 percent of its income on these expenses.

To help low-income households meet these high energy bills, the federal government provides funds for the Low Income Home Energy Assistance Program (LIHEAP), which is administered by the states. Like the low-income housing programs, LIHEAP is not an entitlement program and falls well short of meeting the full need for aid. Because of limited federal funding levels, on a nationwide basis the program covers only a relatively small portion of the heating and cooling costs of eligible, low-income households.

- In fiscal year 1987, New Hampshire's share of the federal LIHEAP appropriation equaled 32.2 percent of the estimated total heating and cooling costs[14] of all low-income households in New Hampshire which were potentially eligible for assistance under federal guidelines. This percentage is expected to be lower in fiscal year 1988, since federal LIHEAP funding for 1988 was cut.

The WIC Program

Administered through local health clinics, the federally-funded Special Supplemental Food Program for Women, Infants and Children (WIC) provides food supplements and nutrition counseling to pregnant and nursing women, as well as to infants and children up to age five. Recipients must be both low-income and nutritionally at risk. Since WIC is not an entitlement program, and since federal funding levels are sufficient to reach fewer than half of those eligible nationwide, many eligible women and children are left out of the program.

- In New Hampshire, an estimated 54.1 percent of those who are eligible are served under the federally-funded WIC program.[15]

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14. Heating and cooling costs average less than half of the total energy costs of low-income households (on a nationwide basis).

15. These figures were calculated using the number of WIC recipients as of June 1987 and an estimate of the number of WIC eligibles in the state in 1984. The estimate of WIC eligibles in each state for 1984 was calculated by increasing the number of WIC eligibles in that state in 1979 (as estimated by the U.S. Department of Agriculture) by the percentage that the number of WIC eligibles *nationwide* increased from 1979 to 1984. This estimating procedure is used because the most recent U.S. Department of Agriculture estimates for the number of WIC eligibles in each state are for 1979 while the most recent estimates for the number of WIC eligibles in the nation are for 1984.

Some 11 states have chosen to provide state funds to supplement the WIC program, which can increase the proportion of eligible women, infants, and children who are served.

- New Hampshire does *not* supplement the WIC program.